

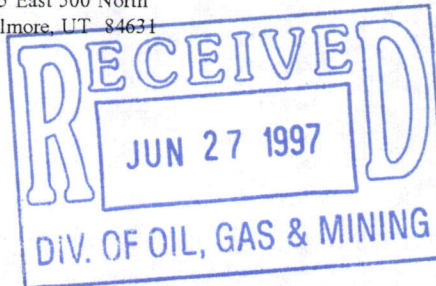
M/027/007



United States Department of the Interior

BUREAU OF LAND MANAGEMENT
HOUSE RANGE/WARM SPRINGS RESOURCE AREA

35 East 500 North
Fillmore, UT 84631



IN REPLY REFER TO:
3800

(U-054)

UTU-063447-01

June 25, 1997

CERTIFIED MAIL # P 556 237 717
RETURN RECEIPT REQUESTED

E B KING
PRESIDENT
JUMBO MINING COMPANY
6305 FERN SPRING COVE
AUSTIN TX 78730

Dear Mr. King:

We are in receipt of your June 12, 1997 response to our January 15, 1997 letter. In your letter, you have taken issue with our interpretation of the December 9, 1988 letter from Robert Moore to this office. Our interpretation of this letter was that it transferred the rights and responsibilities of the Plan of Operations (POO) and approved amendments of the Drum Mine from Western States Minerals Corp. (WSMC) to Jumbo Mining Company. We do not, however, contend that the POO includes disturbances created by WSMC either out of compliance or under notice activity.

The BLM has never formally agreed to splitting the reclamation responsibility of the POO between Jumbo and Western States. We have been aware of the contract and lawsuit between Jumbo and WSMC, and of the agreement between the two companies and the State of Utah, Division of Oil, Gas and mining (UDOGM) to conduct a partial permit transfer. The United States Government is not a party in the legal actions between Jumbo and WSMC, nor the two companies and UDOGM, and is not bound by those agreements or judgements. We have delayed regulatory action in the hopes that the legal issues could be resolved and the mine reactivated, however the lack of progress over the last seven years has compelled us to require that the leaching facilities be reactivated or reclaimed in the near future.

For the BLM to have approved splitting the reclamation responsibilities of the POO, we would have required a completely new plan to have been submitted by Jumbo. Instead, Jumbo operated "under the guidelines of the Plan of Operations submitted by Western States". Jumbo has submitted four amendments to that POO, two of which have been approved by this office. This is ample evidence for us to contend that Jumbo

assumed the POO, in its entirety.

If, as you contend in your most recent letter, this was not the intent of the 1988 letter, your operation and occupancy of the mine is now, and has always been, in non-compliance, as you have not assumed WSMC's POO, nor have you submitted to us a complete POO of your own. A complete POO would require an entirely new reclamation plan involving the heaps, pits, and waste dumps, and any stipulations and mitigations agreed to in the old POO would be renegotiated. A "worst-case" scenario for reclamation of the heaps must be included, and the reclamation bond will reflect that contingency. Jumbo must assume reclamation responsibility for all the heaps, pits, waste dumps, mine facilities, roads, etc. it has so far utilized. Jumbo must also consider that the BLM will require WSMC to begin reclamation of the remaining disturbances, and must make reasonable accommodations to allow them to do so. Since many of the disturbances were created in non-compliance by WSMC, we have not yet agreed to the terms of their reclamation, and cannot guarantee that these terms will not interfere with your mining operation. Therefore, we suggest that if you have concerns that any of their reclamation procedures will interfere with your operations, you assume the responsibility for the disturbance yourself.

On October 10, 1996, Jumbo sent to the BLM Utah State Office an "Existing Occupancy Notification" form. By submitting this form, you were automatically granted a grace period lasting until August 18, 1997, to come into compliance with the 43 CFR 3710 Occupancy Regulations, in particular §3715.5. Please note that, except for drilling, none of the activities mentioned in paragraph 12 of your June 12, 1997 letter involve subsurface activities as described in §3751.5(f), and no drilling has taken place on BLM lands for five years. Your occupancy is for the purpose of securing facilities that have not been used for seven years. Under these circumstances, we will have a difficult time determining that maintaining a watchman is "reasonably incident".

The September 16, 1996 Amended Plan of Operations states:

"We estimate that six to nine months will be needed in order to obtain all the necessary permits"

and your latest letter states:

"We have done our best to move along the permitting for new heaps, but we have been faced with repeated delays in responses from the DWQ"

A letter from the State of Utah, Division of Water Quality (DWQ) to you dated January 24, 1997 states:

"Your letter also referred to DWQ approval of engineering plans for the site. We remind you that if these plans call for construction of new leaching facilities or other activities which could result in a discharge of pollutants

to ground water, you must obtain a ground water discharge permit before construction of the facilities begin. You should apply for the permit at least 180 days before it is needed."

As of June 24, 1997, you have not applied for the discharge permit. Had you done so in January 1997, it is probable that the permitting would be complete within a month from now. As it is, it is now impossible to meet your own deadline, and we question your diligence in obtaining the permits. We will allow ten days from the receipt of this letter for you to apply for the ground-water discharge permit. Failure to do so will result in our pursuit of reclamation of the site. Your sampling and exploration activities do not justify the continued delay in reclamation of the mine.

We will also expect either your concurrence in assuming WSMC's POO, or the submission of a completely new one. A new plan must be submitted with a reclamation cost-estimate certified by a third-party professional engineer licensed in the State of Utah, and, as stated in our January 15, 1997 letter, include a contingency for placing impermeable caps on the heaps. We must receive either your concurrence in assuming the old plan, or a new POO within 30 days of receipt of this letter. Failure to bring your operation into compliance may result in criminal penalties under the February 28, 1997 revision to the 43 CFR 3809 regulations.

If you have any questions, please feel free to contact Ron Teseneer at (801)743-3100.

Sincerely,



Rex Rowley
Area Manager

ACTING

cc: Wayne Hedberg, UDOGM
Mark Novak, DWQ
Leon Smith, Millard County Planning and Zoning
Western States Minerals, 4975 Van Gordon St., Wheat Ridge,
CO 80033